

(15) **Qualified Zone Academy Bonds (QZABs).** The Tax Payer Relief Act of 1997 authorized Qualified Zone Academy Bonds (QZABs) to finance public schools. Under this program, qualified schools may borrow at little or no interest cost. A Qualified Zone Academy Bond is a taxable bond issued by a state or local government, the proceeds of which are used to improve certain eligible public schools. Instead of receiving periodic interest payments from the issuer, the QZAB bondholder (potential bondholders include banks, insurance companies and corporations actively involved in the business of lending money) receives a federal income tax credit, while the bond is outstanding, in an amount equal to a percentage of the face amount of the bond. The district is responsible for paying the principal amount and interest if the bond so specifies. The full faith and credit of the State of Florida does not support any QZAB bonds issued by the local education agency.

(a) Eligibility Criteria.

1. The school is located in federal empowerment zone or in federal enterprise community, or there is a reasonable expectation, as of the date of issuance of the bonds, that at least 35 percent of the students attending the school participating in the program will be eligible for free or reduced-cost lunches established under the National School Lunch Act.
2. The eligible school district must possess written commitments from private entity match partners to make qualified contributions having a present value, as of the date of the issuance, of not less than 10 percent of the proceeds of the bond issue, including items such as:
 - a. Equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment; school buses are not allowed);
 - b. Technical assistance in developing curriculum or training teachers to promote market-driven technology in the classrooms;
 - c. Internships, field trips or other educational opportunities outside the academy for students;
 - d. Any other property (including cash) or service specified by the local education agency that meets IRS requirements; and
 - e. The value of the 10 percent match is at or below the fair market value offered by any entity providing similar products or services.
3. The 10 percent match partner must help to set up an academic program (academy) to “prepare students for college or workforce,” as required by the QZAB legislation. This academy program should specify how many students will be trained in which academic areas using which resources, when the program will be implemented, who will direct the implementation and evaluation, and how the evaluation (pre- and post-tests) will be accomplished.
4. The academy program must be established by and operated under the supervision of an eligible local education agency, as defined in section 14101 of the Elementary and Secondary Education Act of 1965, to provide education or training below the postsecondary level as follows:
 - a. Such academy is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates and better prepare students for the demands of college and the increasingly complex workforce;
 - b. Students in the academy are subject to the same academic standards and assessments as other students educated by the school districts; and
 - c. The comprehensive education plan of the program is approved by the school board.

5. Eligible QZAB projects include the following:
 - a. Rehabilitating or repairing the public school facility in which the academy is established;
 - b. Providing equipment for use at such academy (school buses are not allowed);
 - c. Providing instructional materials; and
 - d. Providing professional development for teachers.
- (b) **Administration.** In addition to previously stated requirements, there are a number of administrative items school boards must keep in mind.
 1. While the federal government has provided broad guidance for the QZAB program, the Department of Education has further tailored these guidelines to meet statewide funding needs. Boards should consult both sets of requirements. As questions arise, Boards should contact the Fixed Capital Outlay Office for clarification and guidance.
 2. Each Board must determine whether the purposes for which QZABs are issued conform to state law regarding indebtedness.
 3. Each Board is responsible for repayment of the principle upon maturity.
 4. School boards shall not use PECO or CO&DS bond proceeds to pay QZAB debt, but are allowed to use other legally available funds, including 1.5 mills funds.
 5. If 1.5 mills proceeds are proposed for repayment of QZAB debt, those proceeds shall not exceed the COPs limit established for 1.5 mills revenue in section 1011.71(2), F.S.
 6. If a Board determines that its allocation will not be used, the district must notify the Fixed Capital Outlay Office as soon as possible.
 7. If the scope of one of a Board's approved projects changes, the district shall consult with the Fixed Capital Outlay Office regarding the permissibility of reallocating the funds to other previously approved projects identified in the QZAB award letter. The Fixed Capital Outlay Office will disallow the reallocation of funds to new or unapproved projects.
 8. Boards must have all bonds issued by December 31 of its funding year.
 9. As Boards issue QZAB bonds, a copy of the cover of the official statement must be forwarded to the Fixed Capital Outlay Office.
 10. On December 31 of the district's funding year, allotments that have yet to be bonded will revert back to the State for reallocation.
 11. Reverted allotments will be offered first to the participating district with the lowest historical allotments, then the second lowest, etc., until the allotment is reallocated in total.
 12. Allocations of the volume limitation are granted first from carried-forward balances from previous years and then from the current year balance.